



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 6, 2000

H.R. 3535 **Shark Finning Prohibition Act**

As ordered reported by the House Committee on Resources on May 24, 2000

H.R. 3535 would make it unlawful to remove any of the fins of a shark and then discard the carcass of the fish at sea. Persons who violate this prohibition would be liable for a civil penalty. CBO expects that this new penalty would increase federal revenues, but by a negligible amount. Because the bill would affect governmental receipts, pay-as-you-go procedures would apply.

H.R. 3535 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no significant costs on state, local, or tribal governments. The bill would impose new private-sector mandates, but CBO estimate that the total direct costs of the mandates would fall well below the annual threshold established in UMRA (\$109 million in 2000, adjusted annually for inflation) in any of the first five years that the mandates are in effect.

Under current law, shark finning is banned in the U.S. waters of the Atlantic, Caribbean, and Gulf of Mexico, but not in the Central and Western Pacific. H.R. 3535 would impose new federal mandates on the private sector by making it illegal to remove any of the fins of a shark (including the tail) and discard the carcass of the shark at sea, and to bring fins to port without the corresponding carcass. H.R. 3535 also would impose a new mandate on the private sector by effectively prohibiting the transshipment of fins—the transfer of fins from foreign vessels outside the U.S. Exclusive Economic Zone to U.S.-based vessels for export from the United States or the landing of fins by foreign vessels in U.S. ports.

According to estimates by the National Marine Fisheries Service, the total value of shark fins harvested by fishermen on U.S. vessels and landed in the Central and Western Pacific (Hawaii, Guam, and American Samoa) in 1998 was about \$1.4 million. The National Marine Fisheries Service also estimates that the total value of shark fins transshipped through Hawaii, Guam, and American Samoa did not exceed \$3.9 million at the point of first sales transactions in 1998. The value to the U.S. private sector of those transshipments is substantially less than that initial sales value of the transshipped fins. Thus, CBO estimates that the total direct costs of the mandates, measured as lost net income, would fall well below

the annual threshold established in UMRA (\$109 million in 2000, adjusted annually for inflation) in any of the first five years that the mandates are in effect.

The CBO staff contacts for this estimate are Deborah Reis (for federal costs), and Natalie Tawil (for the private-sector impact). The estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.